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ABSTRACT

This handbook provides basic information on the roles, organizational issues, and program activities that will influence the effectiveness of private industry councils (PICs) set up under the Job Training Partnership Act (JTPA) of 1982. Intended to guide PICs on the issues involved, it should be useful to members and staff of existing PICs and others involved in the transition from Comprehensive Employment and Training Act (CETA) programs to JTPA programs. The guide addresses primarily immediate transitional issues faced by local practitioners, such as new federal and state roles; PIC/local government partnership arrangements; organization of new PICs; new roles for PICs; new linkages between PICs and the employment service, economic development agencies, educational agencies, youth agencies, and others; and initiation of programs. The handbook is organized into two parts. The first provides background information needed for local decision making in the new JTPA system, while the second part gives practical tips on setting up the new PICs, including forming the new PIC, the role of the new PIC, planning, becoming a grant recipient or program administrator, operating programs or subcontracting, developing relations with the employment service and the Work Incentive Program, and creating linkages with other agencies. Appendixes to the document contain a transition timetable and a digest of services provided by the National Alliance of Business. (KC)

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PRIVATE INDUSTRY COUNCIL ROLES AND OPTIONS:

MAKING THE JOB TRAINING PARTNERSHIP WORK

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Washington, D.C.

December, 1982

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FOREWORD

On October 13, President Reagan signed into law the Job Training Partnership Act of 1982, a measure which had previously passed both houses of Congress by large, bi-partisan majorities. This Act will shape the nation's response throughout the 1980's to the pressing problems of high structural unemployment among youths and adults, and "displaced workers" with technologically obsolete skills.

The Job Training Partnership Act replaces the decade-old Comprehensive Employment and Training Act program and differs from its predecessor in several critical aspects. Among the most important of these is the enhanced role envisioned for the private sector acting through local private industry councils (PICs). Under the new law, PICs will become full partners with local government in exercising control over the planning and operation of employment and training programs that will lead to better jobs for the nation's disadvantaged, unemployed citizens.

In July, 1981, the National Alliance of Business published a handbook called Options on Roles, Organization and Programs of the Private Industry Council. A second edition was printed in June of 1982. These publications offered advice to existing PICs on how to work closely and actively with local government to implement CETA's Title VII Private Sector Initiative Program.

Now, NAB is publishing this handbook on Private Industry Council Roles and Options: Making the Job Training Partnership Work to address the expanded roles, responsibilities, and opportunities that local private industry councils will enjoy under the Act. This work, which primarily deals with the immediate "transition" issues of organizational structure and broad policy making, will be supplemented in the near future by additional pieces addressing the problems of actual program design and operation.

All these works further NAB's continuing mission to assist private industry councils and, through them, to encourage greater involvement by the private business community in the nation's public (now public/private) job training system.

William H. Kolberg
President

This handbook provides basic information on the roles, organizational issues, and program activities that will influence the effectiveness of private industry councils set up under the Job Training Partnership Act (JPTA) of 1982. It is offered as a tool to guide PICs on these issues, and it is intended to be useful to the following:

- Members and staff of existing PICs who are familiar with CETA Title VII programs but unfamiliar with their roles under the new JTPA;
- Members and staff of new PICs who will come on board under provisions of the new law; and
- Others involved in local CETA-JTPA transition teams: business people, elected officials, CETA prime sponsor staff, community-based organizations, and client advocacy groups.

So as to provide the most relevant and timely information possible, this work primarily addresses immediate transition issues faced by local practitioners:

- New federal and state roles;
- PIC/local government partnership arrangements;
- Organizing new PICs;
- New roles for PICs;
- New linkages between PICs and the Employment Service, economic development agencies, education agencies, youth agencies, and others; and
- Getting started.

Not addressed are down the road issues -- on-going program operations and management, training mix, client flow, service delivery, or employment generating services. But NAB will produce a series of separate publications and training programs dealing with these more technical concerns, throughout 1983 and 1984. These future products (with target dates in parentheses) will include:

- Training and Technical Assistance in Planning, the RFP Process, and Performance Standards, (January, 1983)
- The Seventy Percent Solution: Building Successful Skills Training Programs (April, 1983)
- Training and technical assistance in a wide range of program areas like youth and displaced workers. (Ongoing)
- Seminar in managing and monitoring programs and in PIC evaluation (Spring, 1983)
- Seminar for top managers in the employment and training system (Spring, 1983)
- Marketing PIC Programs (August, 1983)
- Supervisory Training Program for Business Firms (March, 1983)

Immediate Concerns

Under the transition provisions of JTPA, the nine months from January until October, 1983, will be a critical period in the shaping of a new job training system. The U.S. Department of Labor will issue draft and final regulations, governors will form State Job Training Coordinating Councils (SJTCC) and designate sub-state service delivery areas, and new local PICs will be appointed and begin operations. (A detailed transition timetable is attached as Appendix A.) Since the first, full, two-year operating plan under the new legislation will not go into effect until July 1, 1984, state and local arrangements can be revised until then without too much difficulty. In spite of this extended implementation period, however, it should be clear that the initial choices made by elected officials, business people, and staff through the spring of 1983 will largely determine the shape of the local job training system for some time to come. This handbook will help local participants identify, understand, and make those important initial choices.

Decision Tree

The transition from CETA to JTPA requires a series of decisions that must be made by local business persons, governments, and program practitioners. There are seven major areas in which local "transition teams" must exercise options in the next nine months. These are:

1. FORMING THE NEW PIC

   - organization/structure
   - members
   - chair
   - incorporation -- yes or no

2. THE ROLE OF THE NEW PIC

   - policy and oversight
   - active involvement in programs
   - PIC/local government partnerships

3. THE PLAN: DOING OR REVIEWING

4. BECOMING A GRANT RECIPIENT OR PROGRAM ADMINISTRATOR: PROS AND CONS

5. OPERATING PROGRAMS OR SUBCONTRACTING: WHAT IS THE RIGHT MIX?

6. INVOLVEMENT WITH THE EMPLOYMENT SERVICE AND THE WORK INCENTIVE PROGRAM

7. LINKAGES WITH OTHER AGENCIES.

Each of these decision areas is discussed here, along with:

- the revelant language or intent of the law,
- the range of choices available,
- the ramifications of each choice, and
- recommendations where appropriate.

The New Landscape

Before discussing choices, however, the framework within which these choices will be made must be defined. The latitude given to local decision makers under JTPA is wide but

not unlimited. Local options are constrained by the law itself, DOL's regulations, and a number of federal and state officials whose authority is mandated by the law. Much of this is different from the CETA system, so in the next section, we will make a general survey of the new job training "landscape" and discuss:

- the federal role in the new system
- the governor's role
- the State Job Training Coordinating Council and
- the local public/private balance

as they relate to the choices and options available to local governments and business.

One Final Point

This handbook assumes that you are familiar with the provisions (and the jargon) of JTPA. If you are not, we strongly recommend that you read NAB's "Explanation and Analysis of the Job Training Partnership Act of 1982," dated November 1, 1982. This in depth review is available at a cost of $5.00 through the NAB Clearinghouse, 1015 15th Street, N.W., Washington, D.C. 20005

The Job Training Partnership Act of 1982 reflects the Reagan administration's philosophy of New Federalism. Its block grant approach gives to PICs and local governments unprecedented authority over the expenditures of federal funds. Local job training "partners" can set up their own administrative structures, devise their own plans, budgets, and operating procedures, choose their own implementing agents, and set overall policies to meet the perceived employment and training needs of their communities — all with very few direct requirements from higher levels of government.

However, the local partners are not the only ones on the new job training scene. This section describes in a general way the roles and responsibilities of these other participants whose authority affects and somewhat limits the program options open to local practitioners.

The Federal Role

The authority of the Department of Labor to influence local programming, in keeping with the New Federalism, is limited. DOL, however, retains certain significant powers. For the local practitioner, the most significant of these are:

- DOL will write the regulations that will interpret and clarify the language of JTPA. The regulations will determine how the law will be implemented. Since DOL always allows a comment period before publishing final regulations, it is important that local transition team members study and comment on the draft regulations.

- DOL will write performance standards by which local programs will be judged. The new law emphasizes training program results — often expressed in terms of private sector job placements, increased earnings, or reduced welfare dependency for disadvantaged clients. Positive results per dollar of grant money spent, sometimes called "return on investment," will also be an important performance measurement. JTPA provides that local program operators who meet or exceed these performance standards can be rewarded with incentive bonuses; those who fail run the risk of being "reorganized."

- DOL will set up fiscal practices which must be followed by local grant recipients, and prescribes proper

monitoring and reporting procedures to assure compliance with the law and the regulations.

- DOL will adjudicate certain disputes between local program agents and state governments. Conflicts over service delivery area (SDA) designation, state approval of local plans, and appeals from state audit findings will be resolved at the federal level.

- DOL must approve the governor's state-wide program delivery coordination master plan.

- DOL will review state Employment Service plans and will serve as the arbiter, when necessary, if there are differences between the State Job Training Coordinating Council and the governor.

- DOL will directly administer certain national job training programs, including the Job Corps, special programs for veterans and migrant farmworkers, multi-state programs, and research and demonstration projects.

The State Role

A majority of the program administrative and oversight functions that were performed by the Department of Labor under CETA have now been delegated to the states. The new law requires each governor to appoint a State Job Training Coordinating Council -- composed of members from business and industry, state agencies, labor and community-based organizations and representatives of other interests -- to assist in these functions. All state council decisions are subject to approval of the governor.

Governors have until the summer of 1983 to choose their councils. They may solicit nominations, and local business persons, elected officials, and transition teams may wish to suggest possible council members. The state council, although advisory, can serve as a major proponent to the governor of local concerns and problems. The new council may, if the governor wishes, take over the functions of existing state-wide Employment Service, Job Service Employer Committees and Work Incentive Program Advisory Boards. The governor can also use the SJTCC to coordinate job training programs with state vocational education and economic development efforts.

Governor's Responsibilities

The governor, advised by the state council, has the following major responsibilities for the state job training program:

(1) Preparation of a state coordination and special services plan to show how local delivery agents will work together and in conjunction with state agencies (education, welfare, development, transportation, etc.) to avoid duplication and to present a consolidated attack on employment problems.

(2) Designation of local service delivery areas (SDA). The governor has substantial latitude in this most important area. An SDA can be the entire state or any substate district that contains one or more units of local government and which "promotes the effective delivery of job training services." Its boundaries can conform to a labor market, an SMSA, or an existing geographic area the state uses for local delivery of other service's, but it cannot split a local government.

However, a local government with a population of at least 200,000, or a consortium of contiguous governments that serves a substantial portion of its labor market and has an aggregate population of 200,000, may petition and must receive from the governor the right to become an SDA in its own right.

The governor has wide, optional powers to alter the boundaries of the old CETA prime sponsors.

The framers of JTPA assumed that local units which are more congruent with natural labor market areas will produce more efficient program operations. Local business people, elected officials, and transition teams of smaller prime sponsors should consider whether these labor market area efficiencies are worth the effort to create consortia with their now independent neighbors. (This will be especially relevant in present Balance of State areas). Representatives of larger prime sponsors might want to explore mergers - or, at least, cooperative agreements with surrounding districts within commuting distance -- to better link areas of high unemployment with areas of job growth. However, these truths are not applicable everywhere; unique local conditions and experience should also be important factors in the creation of SDAs.

In any event, governors must justify their choice of SDAs. A sensible local petition based on agreement by all affected parties -- governments, business people, and others -- could lead to the establishment of the most efficient and effective SDA. Additional responsibilities of the Governor include:

- Every SDA must have a PIC. Governors will certify that these PICs are constituted according to the proper procedures in the law and regulations.

- Every PIC must submit a biennial plan. Governors will accept and approve these plans in accordance with the state-wide coordination plan. If requested by a local PIC and included in the plan, governors may waive the otherwise legally binding 70/30 local spending split.

- The governor will enforce the DOL mandated performance standards -- which may be altered, based on unique state conditions -- and will award incentives or impose sanctions for good or bad local performance. The governor must conduct a biennial fiscal audit of local programs.

- The governor may directly administer a whole spectrum of special state-wide coordination, vocational education, older worker, ex-offender, and model demonstration programs. To pay for all this -- as well as for good performance bonuses -- the governor will keep 22% of the federal block grant awarded by formula to the state. The other 78% must be passed through to local grant recipients.

- Under Title III, states receive separate funds authorization for programs to assist dislocated workers which requires a 50% non-federal match. The governor, with input from local PICs, will form and administer these programs.

As you can see, in keeping with the New Federalism, JTPA has created for governors a much more important and central role in job training programs than heretofore. They will now function as organizer, certifier and, in some ways, as enforcer of the new job training system.

Local Public/Private Partnership

Under CETA, private employers more often than not served only as advisors and customers of an employment and training program administered solely by local government.

In both letter and spirit, JTPA seeks to balance the public and private roles. The new law, in effect, elevates the former customer to a position of full partner in the firm, charged with equal responsibility with government for organizing, planning, and administering job training programs. In the new system, no one partner is in charge; both are.

Within each SDA, the law specifies that local business -- acting through the PIC -- and local government shall have joint approval authority over (1) the biennial budget and plan of service and (2) the choice of a recipient of the federal grant funds and of a local program administrator.

In addition, the PIC is authorized to provide program oversight -- reviewing , monitoring, and evaluating -- in accordance with its own procedures. The PIC has authority to hire staff, to incorporate, and to solicit and accept public and private funds.

The intent of the law clearly is to increase the level of private sector involvement in the nation's job training system. Since most jobs (about 80%) are in the private sector, it is common sense to involve the ultimate employer in the preparation of a skilled and motivated labor force. The heightened involvement of business should improve the employment and training system in many ways:

- Greater relevance. Employers know what jobs will be in future demand and can better direct the allocation of training dollars.

- Increased efficiency. Employers know what skills are needed in their businesses. Business-run or business-oriented training classes should have better results supplying these skills.

- Better marketing. Programs with a business image should produce trainees more acceptable to employers than the often unjustly maligned CETA client.

- Better placement. Business should be able to open business doors better than non-business operators.

- Increased resources. Businesses should more readily commit private resources to support programs they plan, need and believe in.

However, the new law does not put the private sector totally in charge of the job training system. It recognizes that labor force training is also a public responsibility, much as unemployment, declining productivity, and obsolete skills are public problems. JTPA calls for a partnership -- and both partners are part of a carefully crafted check and balance system. The law recognizes that advance public leadership is often necessary to bring forth responsive private leadership. JTPA will be deemed a failure if the public sector -- accustomed to complete control under CETA -- does not adjust to its new roles and responsibilties, or if the expected private interest fails to materialize. Both sides need each other. Both are equally important.

The local public/private job training partnerhsip must function within the established federal and state roles. There are seven major decision areas which must be addressed in the next few months by local officials, business people and transition teams to smooth passage into the new JTPA system. These areas are:

1. FORMING THE NEW PIC
2. THE ROLE OF THE NEW PIC
3. THE PLAN: DOING OR REVIEWING
4. BECOMING A GRANT RECEIPIENT OR PROGRAM ADMINISTRATOR
5. OPERATING PROGRAMS OR SUBCONTRACTING
6. RELATIONS WITH ES AND WIN
7. LINKAGES WITH OTHER AGENCIES

Local job training partners have broad discretion in these areas. The decisions are the basis for the establishment of the local system and are, therefore, extermely important. Informed decision-making, weighing the pros and cons, will give you an early advantage in developing an effective and well-organized system.

Membership

Every local service delivery area must have a PIC consisting of a majority of business representatives and including representatives of educational agencies, labor unions, rehabilitation agencies, community-based organizations, economic development agencies, and the Employment Service. Members are to be appointed for fixed and staggered terms by the local chief elected official of the SDA.

The chief elected official must choose the business members from among nominations solicited from "general purpose business groups" within the SDA. In most areas this means the local chamber of commerce (which has open membership for all businesses), but the law intends that all major business groups, including those representing small and minority business, should participate in the nomination process.

The initial size of the PIC is to be determined by the public partner. Once constituted, the PIC itself may determine its own size. Subsequent additional members and/or replacements will be chosen in accordance with the procedure by which original members were selected.

Whom To Choose

The law states that business members should be "owners..., chief executives or chief operating officers... or other private sector executives who have substantial management or policy responsibility." The clear intent is that a PIC should be made up of a community's influential business leaders. These individuals should be:

- concerned about job training issues,
- willing to devote the time and effort required,
- well known in the local business community and viewed as representative of its interests,
- able to influence or make policy commitments for their own firms,
- concerned about the economic health of the community and active in its development,
- appreciative of the "personality" of local government and how it works,

- active in other public/private partnerships with local government, and

- reasonably represent the industrial and commercial mix of firms in the SDA, including small and minority business.

Although members of existing Title VII PICs cannot automatically be appointed to the new PIC, their interest in and familiarity with employment and training programs may make them excellent candidates. They should not be overlooked by those organizations making nominations to elected officials.

In short, an effective PIC needs members with savvy and clout.

How to Organize

Prominent business people are also busy people. The time they will need to spend on PIC activities will be determined by the role the PIC sets for itself (policy vs. operational). However, it probably is unlikely that all of the volunteer PIC members will (or should) become involved in the day-to-day operational activities. In addition, a PIC may often need to draw on specific technical business experts (personnel director; training executive) who -- not being owners or CEO's -- have not been nominated to serve on the PIC itself. To achieve the desired mix of top level executives and technical experts, there are a variety of organizational options:

- PICs composed of top level executives (the "members") may appoint standing or ad hoc technical committees of "associates" to work on specific issues;

- large PICs may have a smaller, more active executive committee which meets frequently to ensure that policy is reflected in operations;

- large PICs might be open to all business people -- associates -- who pay a nominal fee. This large group of associates could meet infrequently, and receive a newsletter and provide private sector input to a smaller group of members (in the sense of the law) who meet more frequently to conduct business.

A PIC, at a minimum, should have a set of rules or by-laws by which it governs its affairs. In addition, the PIC should establish a clearly defined structure of board operations. By-laws establish the framework for PIC operations according to

local circumstances and the PIC's chosen role. They should cover at least the following sections:

- name and purpose of the private industry council
- a description of the PIC's organization, powers, and member selection process, and term of office;
- procedures and scheduling of meetings;
- duties, selection process, and term of office of PIC officers;
- provision for early, forced termination of a PIC member;
- duties and powers of committees;
- executive director's responsibilities;
- procedures for amending the by-laws; and
- dues, if applicable.

Selection of Chairperson

Within 30 days after a PIC is certified by the governor, the appointing elected official will convene the PIC board, which will then elect a chairperson from among the business members of the board.

The leadership qualities of the PIC chairperson will have enormous impact on the success of the PIC in implementing the new job training system.

The PIC chairperson needs to be an effective leader. In addition to being active, interested, and informed, he or she needs to proceed in such a way as to promote timely decisions. It is the responsibility of the chairperson to encourage a cooperative spirit and a problem-solving orientation.

The PIC chairperson must exhibit leadership in the PIC's external affairs, too. He or she should have contacts and entree into all important parts of the local business community and must have a positive relationship with the chief elected official(s) within the SDA and with other key political people.

Incorporation

Should a new PIC incorporate? Although the answer depends on a host of local circumstances, the following thoughts should be considered:

Liability

PIC liability is a complex issue that is often overlooked. But it will have a significant impact on recruiting board members.

The new law states: "Each grant recipient shall be liable to repay such amounts, from funds other than funds received under this Act, upon a determination that the misexpenditure of funds was due to willful disregard of the requirements of this Act, gross negligence, or failure to observe accepted standards of administration."

The law, however, provides protections from liability for the actions of subgrantees. If the Secretary of Labor determines that the grant recipient has acted with due diligence in monitoring the implementation of a subgrantee contract, the secretary may waive the imposition of penalties.

The extent of liability depends primarily on the role(s) the PIC chooses. As the grant recipient and operator of programs, PIC members would be most liable; as the administrators of the system, they would be somewhat less liable. As planners and overseers, liability would be substantially reduced to policy decisions.

It is important to note that membership on any board opens an individual to liability for actions taken, therefore, this should not discourage top business people from participating on the PIC regardless of the role it chooses. Additionally, the PIC can provide members with some protection from personal liability if corporate liability (Directors and Officers) insurance is purchased.

Receipt of Funds

Incorporation is advisable if a PIC decides to act as grant recipient, administrator, or program operator, since incorporation sets up a formal legal and fiduciary framework within which to carry out these activities.

Staff

A PIC which plans to hire its own staff may find that incorporation makes it easier to set up payroll and with holding procedures, benefit plans, and uniform personnel policies.

Other Funds

Incorporation may make it easier for a PIC to solicit and manage funds from sources other than the Labor Department--such as private foundations, economic development projects, or individual business contributors.

Autonomy

PIC members may feel that an incorporated, legally independent body presents a more stable and permanent image to the local business community than does an advisory committee.

Characteristics of a Healthy PIC

There is no perfect model for a local PIC. A PIC's most important characteristic is that it meet the perceived needs of the public/private job training partnership in its SDA. In 1981, Randall Ripley of Ohio State identified nine characteristics of "healthy" PICs under CETA Title VII. Although the law has changed, his observations bear repeating here.

1. The PIC should have clear goals that are relatively specific and are widely understood and shared by the members.

2. The PIC should have a staff with which it is pleased.

3. There should be a large enough activist core of the PIC to sustain decision-making in which a number of different points of view and interests are likely to receive consideration. The active and interested members of the PIC should, ideally, substantially outnumber those with little apparent interest or participation.

4. A relatively high proportion of the activist core should be from the private sector.

5. The chair needs to be an effective leader.

6. A PIC chair should have contacts and entree into important parts of the local business and political community.

7. The PIC need not be totally dominant in all areas of activity and decision-making, but it should not be passive either. It should take initiatives on its own and be in a position to offer major amendments to the initiatives of others.

8. The PIC should develop visibility in the local business community and it should have a positive image.

9. The PIC should have a substantial, direct and observable impact on employment and training activities in the community.

Corporate Mission

Success of the public/private partnership depends on the ability of the partners to articulate unambiguous, complementary roles. In short, the PIC must identify a corporate mission that is widely understood and supported. Partnerships have floundered when roles and responsibilties were vaguely understood, overlapping, or not agreed to by the major participants. In the absence of clear role definitions, turf battles and finger-pointing will replace the constructive public/private leadership that the new law's authors envisioned.

It is recognized that establishing roles and responsibilities takes time, but the Act provides that public and private roles may evolve and change. Nonetheless, initial determinations are important, otherwise they eventually develop an inertia that make change difficult.

The new law does not give a presumptive role for planning and management to either the PIC or local government, rather, JPTA encourages that high level public and private leaders make these decisions together.

Detailed roles may be worked out during the planning process, but PICs will want to review options carefully before agreeing to procedures for plan development. While the roles of each partner will be spelled out and jointly agreed upon, a PIC's initial sense of mission will be an important factor in determining how the plan should be developed.

Policy and Planning

JTPA assigns the PIC, in partnership with local governments, overall policy responsibilility for local programs, but agreement is required on most major policy issues, including:

- procedures for plan development,
- selection of grant recipient,
- selection of program administrator(s), and
- final program plan and budget.

Oversight

In addition, the PIC is authorized to provide program oversight -- reviewing, monitoring, and evaluating -- in accordance with procedures it develops. Its oversight activities are not circumscribed by agreements with local governments. To carry out its functions, it has authority to hire staff, to incorporate, and to solicit and accept public and private funds.

The legislation, therefore, expects all PICs to be active in policy guidance and program oversight. They will be confronted with two initial problems: (1) how most effectively to fulfill their basic role and (2) whether to do more.

These questions should be addressed in conjunction with reviews of current programs. The language of the Congressional Conference Committee report specifies that the PIC, after selecting staff to help carry out its functions, should have the opportunity to "review the operation of current training programs in the area and to formulate its general policy positions" prior to entering discussions or negotiations with local elected officials on plan development procedures. A review of current programs will enable the PIC to determine community needs and assess the potential roles for education agencies, labor, economic development agencies and other third parties in planning and administering JPTA activities. Simply put, it is difficult to determine where you want to go if you don't know where you are and how you got there.

In reviewing its potential role options, the PIC must understand that they are numerous. Local circumstances, community involvement, fiscal authority, and political considerations will help determine the roles chosen, because final agreement on roles and responsibilities is subject to approval by both the PIC and local elected officials. Nonetheless, the PIC should enter these discussions with an independent sense of what needs to be done and what it can do to succeed. This should be consistent with the major goals that the PIC sets for itself. Since it can't do everything right away, it must carefully determine where its active involvement can contribute to the partnership.

The basic decision for the PIC -- one which must be continually reexamined under changing circumstances -- is where it should position itself in policy guidance and oversight, direct planning, program administration, and service provision string. Whatever the choice, the PIC must do it well.

Advantages of concentrating on policy guidance and oversight include:

- ease of defining a clearly focused mission;

- consistency with the level of effort business volunteers will have time to provide; and

- familiarity among business members with a "board of directors" approach.

Improvement in the job training system rests on leadership in the public policy arena. All PICs must establish an effective policy-making capacity. However, some PICs will wish to do far more. Reasons for focusing on administration and operation of the system include:

- Policy roles can easily disintegrate into rubber stamp operations. Only by accepting a high degree of decision-making authority can the PIC expect to elicit active business participation.

- The PIC must influence decisions of the day-to-day operators in whose hands program effectiveness rests.

- The business community's respect for previous job training efforts is low and can only be turned around by a visible, up-front, and continuing commitment from the PIC.

- A high degree of PIC control is necessary to guarantee a "business flavor" and an efficient operation

- PIC business members know how to set up performance-based management systems.

- Greater direct business involvement in planning for and/or operating training programs can lead to more relevant training, greater job placements, and, often, greater business cash and in-kind contributions to the program.

As PICs review these various options, they should keep in mind a fact so simple that it is sometimes overlooked: the effectiveness and efficiency of the job training system is directly related to the quality of the policy guidance and planning available.

Above all, PICs must ensure that job training addresses current and emerging needs of employers. Previous federal

training efforts have been criticized for failing to train for demand occupations and for failing to train to employer standards. First and foremost, PICs need to establish planning and policy mechanisms that lead the system in a productive direction. PICs have the opportunity to do more, but first they must do the basics.

Cornerstone

The job training plan is the cornerstone of the new locally-based new job training system. It is both a document explaining how job training dollars will be spent and a process in which the roles and responsibilities -- including the PIC's -- are negotiated. Thus, the PIC should enter the process only after consideration of its potential roles.

The PIC and local elected officials must first agree on procedures for developing the SDA job training plan. The law specifies that all or any part of the plan may be developed by:

- the PIC,
- local government staff/agencies, or by
- other methods or institutions as provided in the PIC/local government agreement,
- a combination of PIC, local government and/or third parties.

In essence, there are few restrictions on how an entity or combination of entities actually staff and direct the development of the local plan and budget.

While the decision may be straightforward, the choices are important. Once completed and approved by both parties, the plan will define the nature of the public/private partnership -- the roles and responsibilities of the PIC, the local governments, and other institutions.

As PICs enter plan preparation negotiations, there are several considerations that should be taken into account:

- Who writes the plan, per se, is not as important as agreement on what the plan says. Both partners must be confident that it is developed in a manner that will adequately reflect their viewpoints.
- Good plans are prepared by experts. But whether the planners are employed directly by the PIC, the local government, or some other agency, the PIC must have the capacity to evaluate their work for it cannot abdicate responsibility for plan approval.

There are advantages to the PIC for taking direct responsibility for preparing the plan. They are to:

- increase its knowledge and sense of ownership of the system,
- assure that it does not become a "rubber stamp", and
- better identify those areas where private sector expertise or leadership can be brought to bear.

Reasons for leaving this activity primarily to the public sector include:

- local governments have staff and expertise to plan public programs, including job training programs; and
- the PIC role may not necessitate direct supervision of the staff preparing the plan

Under some circumstances PICs/local governments may consider using a third party to develop or review the plan in part or in full for the following reasons:

- as a compromise, when the two parties cannot reach agreement about which will prepare the plan;
- a community's economic development agency could prepare the plan in line with its economic and physical development plans; and when
- there is another public/private group already involved in related planning functions.

In final analysis, the PIC and local government may wish to share responsibility because each has expertise which gives it unique qualifications to prepare certain portions. The PIC may be best suited to address issues such as growth occupations, training standards, and marketing, which local government may be best at addressing client services, public institutions linkages and basic education programs.

Whatever agreements are reached initially, the PIC will want to conduct an on-going assessment of these procedures. They may be modified, based on experience. JTPA is a performance-driven system. Local performance will represent the most important determinant about the adequacy of the planning process.

For each SDA, the new law identifies two entities that it describes as "grant recipient" and "program administrator," and establishes a distinction between them.

Grant Recipient

The grant recipient is the legal entity which receives program funds directly from the state. It ultimately is held liable for the expenditure and disposition of these funds.

The PIC may be a grant recipient. A unit of general local government (or agency thereof); a private, non-profit entity; or any other agreed-upon entity may also be a grant recipient. It is the intent of the law that there be only one grant recipient for each SDA. The PIC and the chief local elected official must agree on who the grant recipient is to be.

The recipient is responsible for specific administrative oversight functions, including:

- establishing a system for the award and monitoring of contracts which contain standards for ensuring accountability and which contain clear, unambiguous goals and obligations for contractors;
- monitoring the implementation of contracts, including audits at reasonable intervals;
- taking prompt and appropriate corrective action when violations are found; and
- setting up a management information and reporting system on expenditures and program operations.

Program Administrator

The program administrator also is designated by agreement between the PIC and local elected official(s). It can be the same entity as the grant recipient or a different one. It is presumed the administrator will be responsible for the day-to-day administration. The administrator, even if different from the grant recipient, is also expected to maintain a managerial information system and to report on operations and expenditures as prescribed by the Secretary of Labor.

Like the grant recipient, the administrator may be a PIC, a unit of general local government, a private non-profit agency, or any other agreed upon entity.

JTPA permits this separation between fiduciary and administrative agencies in order to provide maximum flexibility. This will help accomodate the job training program to local and state statutes concerning the receipt or use of federal funds and satisfy possible local desires for independent oversight of program operations and the protection of public funds.

However, the law does not mandate that grant recipient and program administrator be separated. In fact, since similar recordkeeping and monitoring functions must be performed by both, in many cases both functions will be performed by one body.

Should a PIC Become Grant Recipient/Administrator?

The answer to this very important question depends upon unique needs and conditions and upon the role the PIC has chosen for itself. One whose primary concern is policy making and oversight may wish to leave program administration to others; another may actually seek day-to-day decision-making authority. Points to consider when deciding to become grant recipient/program administrator include:

- The grant recipient has direct control of funds. This allows for much tighter fiscal oversight of the program, if the PIC decides this is necessary for successful results.

- The program administrator has direct operational authority, which would allow the PIC to more easily respond to changed conditions or new opportunities.

- The "power and prestige of the purse" will give the PIC a more visible and respected role in local affairs.

- The grant recipient has legal responsibility for its funds. This increases a PIC's liability in cases of error or wrongdoing, a responsibility that voluntary PIC members may not wish to assume.

- Fiscal and operational responsibility for programs necessitates a PIC employing a larger staff and then setting up reporting, monitoring, and management information systems — a level of effort that all PIC members may not wish to pursue.

Direct Program Operation

JTPA allows PICs to operate employment and training programs directly. It may become a program operator in one of two ways (each of which requires the concurrance of the local chief elected official).

- A PIC which has chosen to become a grant recipient/administrator may use these funds to enroll, train, counsel, or place clients in any of the activities allowed under the new law.
- A PIC which has chosen not to become a grant recipient/administrator may receive a subcontract to operate specific programs from the local entity serving in that role.

Subcontracting

An alternative is to subcontract direct program operations to educational agencies, proprietary schools, community-based organizations and/or other experienced groups. Under this scheme, a PIC might use a Request for Proposal (RFP) process to choose effective service delivery agents while retaining overall fiscal and programmatic control for itself. The law gives flexibility to PICs to utilize the best available local resources in subcontract arrangements. Since each locality is unique, the decisions of grant recipients and administrators will vary.

Considerations on Mix

It probably is unlikely that a PIC will either subcontract all of its employment and training programs or run all of them "in-house." A initial key decision will be the exact "mix" of these two operating styles. Points to consider when choosing the subcontract vs. in-house "mix" should include:

- Like grant administration, program operation implies hiring a staff, setting up management and fiscal procedures, and assuming responsibility for results.
- On the other hand, no one has more control over the success or failures of a job training program than its direct operator.
- Subcontracting may allow to PIC to tap community expertise and resources and avoid inefficient, costly duplication.
- Still, a PIC may believe that existing resources are inadequate or that the necessary experitise does not exist

locally and that it needs to develop an independent operational capacity itself.

- To avoid conflict of interest concerns, a PIC should make arrange for independent oversight of the programs it operates directly.

Best Choice

Probably the most logical choice is for a PIC actually to operate programs only when it feels that its own perspective is essential to success.

Such a PIC may choose to do its own marketing, job development, placement or on-the-job training, and customized training programs while subcontracting classroom training, intake and assessment, and client services to local schools or community-based organizations.

A PIC may also choose to concentrate its direct efforts on developing research, labor market information, new programs, or responding to plant closures or new economic development opportunities, and place responsibility for all day-to-day operations in other agencies.

Program operators can be changed by agreement of PICs and local government by amending or drawing up a new biennial plan, but this is often a slow and frustrating process. Therefore, new PICs should carefully consider their future role in program operations during the transition time.

Employment Service

By amending the Wagner-Peyser Act, the authorizing statute for the U.S. Employment Service, the new law promotes a long-sought goal: fostering coordination between ES programs and job training programs at state and local levels. The most significant changes bring ES activities closer to training activities through joint planning with PICs and the chief elected official(s) of SDAs.

The local ES office must plan certain components of its operations "jointly with each appropriate private industry council and chief elected official(s)" for the SDA. The law does not require that local ES delivery areas be the same as those for the job training program. Therefore, a local ES jurisdiction very likely will include more than one SDA and it will, thus, have to deal with more than one PIC. The state ES agency will have to design a plan for each SDA jointly with the PICs.

Another difference is that ES plans are annual, not biennial like the job training plans.

Benefits of Coordination

Although the Employment Service may be a rigid, "top down" system more easily affected at some state levels, this is expected to change, particularly in relation to federal-state interaction. Local PIC involvement with local ES planning can have several mutual benefits:

- Employers support 97% the costs of ES through their unemployment tax (FUTA); hence, PIC efforts to tie ES operations to other training activities probably will be popular with local employers.

- The ES provides job placement/matching services and has often been the only point of contact between employers and the nation's employment and training system. (More employers have worked with ES than have dealt with CETA). A business-led effort to improve ES operations may increase employer willingness to become involved in all aspects of JTPA.

- ES serves a broad clientele including displaced workers, UI claimants veterans, and economically disadvantaged. Therefore, ES and JTPA have somewhat overlapping missions and serve overlapping clienteles. Thus, coordination and division of labor will reduce duplication.

- ES offices already have Job Service Employer Committees (JSECs) whose members can become members of the new PICs.

Matter of Priority

During 1983, most PICs will rightly concentrate on pressing organizational issues. Still, it would be a mistake to ignore or downplay any opportunity to coordinate local ES and JTPA activities more closely than they have been in the past. Both agencies, working together, can make important contributions to an effective, business-oriented job training and placement system.

WIN

The Work Incentive Program (WIN) provides job search, referral, and placement services for AFDC recipients able to work.

The new law intends to improve coordination between WIN and job training programs by requiring that WIN registrants be referred, when appropriate, for training and employment services under JTPA. PICs also can identify and provide advice on the types of jobs available for WIN registrants. The law requires that PICs serve welfare recipients roughly in proportion to their percentage of the economically disadvantaged population (16 and over) in their area. DOL's performance standards will emphasize service to AFDC recipients. Thus, coordination between the programs is important.

Since the state ES usually is the local administrative unit of WIN, it is likely that PICs will review local WIN programs under the joint planning process for preparation of local Employment Service plans.

BUILDING A NETWORK

PICs will have to establish key linkages and relationships to mobilize public and private leaders to address a broad range of labor market problems with community resources.

The PIC will need to build a network of institutions to deal with the issues and responsibilities raised in the other sections of this guide. The more institutions brought into the network and the better the relationships among them, the better the system will work and the more effective the PIC will be.

As noted earlier, the federalism concept is important in the new system. Thus, state and local groups are more important than national ones. Still, national factors, such as the economy and the level of funding provided, will affect state and local linkages and relationships and as well as overall success.

As these linkages and relationships are developed, the PIC will need to be as politically aware as possible. Forgining coalitions and alliances with key groups in the community will help it succeed.

Among these key groups are:

Education Agencies and Institutions

The law is clear that PICs should make every effort to avoid duplicating facilities and services being provided by other entities, especially educational institutions.

Forty percent of the funds must be spent on youth under 22. In addition, 8% of the funds reserved to the states is set aside for educational activities. Thus, it is incumbent on the PIC to establish good relationships with the local education agencies, community colleges, vocational education districts, and four-year institutions of higher education. Educators on the PIC can assist in this effort.

Educational institutions can be effective providers of basic skills to clients in the job training system, and many vocational schools can provide higher-level skills as well.

Economic Development Corporations and Agencies

PICs can help create jobs for the structurally unemployed through active involvement in, and coordination with, local economic development agencies.

Many economic development agencies use public incentives to stimulate private investment and job growth, which creates more jobs, taxes, and wealth. PICs can use Employment Generating Service funds to aid in these efforts.

Job training practitioners have a high stake in local economic development projects. By linking their programs with them,job training agencies can ensure that job growth will benefit their clients. A PIC's training capability can help make a locality more attractive to employers by helping them meet their labor needs and getting their operations underway quickly and efficiently.

Labor Organizations

Organized labor is a full member in the partnership with business, government and community interests which serve on the PIC board. Unions long have recognized that workers as well as employers have a stake in effective training programs. Union participation is particularly critical, therefore, in developing an appropriate mix of PIC programs and services addressing the needs of the unemployed.

Community-Based Organizations

Community-based organizations (CBOs) are vitally concerned with employment and training opportunities. Many are experienced in directing job training programs. They are eligible to serve on PICs and can be chosen as grant recipients, administrators, and service providers.

The following list of CBOs is far from exhaustive:

Community Action Agencies
Community Development Corporations
Council of Negro Women
National Council of La Raza

National Puerto Rican Forum
National Urban Indian Council
Neighborhood Groups
Operation Mainstream
Opportunities Industrialization Centers
SER - Jobs for Progress
United Way Agencies
Urban League
Youth Agencies

These and others, can be a source of expertise, advice, and experience and a vital element of the local partnership.

The Job Training Partnership Act represents a major effort to consolidate what has been a fragmented and often inefficient system for upgrading the nation's human capital resources. Local education agencies, development groups, and CBOs all have a role to play in reducing unemployment and restoring the productivity of America's work force. A local PIC - both because of its autonomy and its private sector focus -- can serve as a forum for policy discussion and as a broker of concerted action by all these disparate groups.

APPENDIX A — TRANSITION TIMETABLE

The following transition schedule has been taken from the Department of Labor's "JTPA Implementation Plan" of October 12, 1982. Dates for events marked with asterisks (*) are recommendations for state and local actions and are not considered mandatory by DOL.

1982	
October	President Reagan signs JTPA into law; implementation begins.
December	DOL publishes for review and comment Job Training Program Regulations.
1983	
January	*Governors appoint State Job Training Coordinating Councils.
	*Governors designate Service Delivery Areas.
	DOL publishes final Job Training Program Regulations governing State Job Training Coordinating Councils, Service Delivery Areas, and private industry councils.
February	*Private Industry Councils constituted.
	DOL publishes for review and comment regulations governing remainder of JTPA.
March	JTPA regulations published in final.
	State and local councils begin assessing program needs and service deliverer capacity.
April	Publication of FY 1984 performance standards.
	Proposed modifications to regulations published for review and comment.
May	Modifications to JTPA regulations published in final.
July	Governors submit preliminary coordination and special services plans to secretary.
August	Secretary approves Governors' coordination and special services plans.
	Dislocated worker plans submitted by states for review and approval.

	Wagner-Payser plans submitted by states to secretary.
	Service Delivery Areas submit preliminary job training plans to governors.
September	Service Delivery Area plans reviewed and approved by the Governors.
	Wagner-Peyser and dislocated workers plans approved by secretary.
October	JTPA fully effective.

The National Alliance of Business (NAB) is an independent, non-profit corporation working in partnership with business, labor, government, education, and community-based groups to help solve the unemployment problems of America's disadvantaged youth and adults. NAB's primary mission is to encourage private businesses to provide jobs and job training for the economically disadvantaged. NAB encourages business leaders to support and participate in local private/public partnership efforts, especially through involvement with their local private industry councils.

The Alliance is in a unique position to be of service and support to private industry councils and to be an advocate for PICs at both the national and local levels. Its services reach PICs through its network of even Regional Service Offices (see following page). In addition to providing a variety of services and technical assistance to PICs, the Regional Service Offices have direct access to a wide range of specialized information provided through NAB's national headquarters in Washington.

Among the areas of NAB's expertise and services upon which a PIC might wish to draw are:

- Program development
- Program information services
- NAB Databank, which collects and disperses a wide range of specialized information
- NAB Clearinghouse, which compiles and distributes profiles and case studies of PIC activities and programs
- Training packages and technical assistance
- Marketing materials
- Policy analysis and legislative informational services
- A network of corporate relations liaison contacts reaching to the entire business community
- Technical assistance from Regional Service Offices
- PIC publications
- Showcase -- a monthly newsletter highlighting successful training Programs, new developments in employment and training, and transition case studies
- Business Currents in Employment Policy -- a bi-weekly report to PICs and business on job training-related issues.

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